

# TRIBUNE

CEYLON NEWS REVIEW

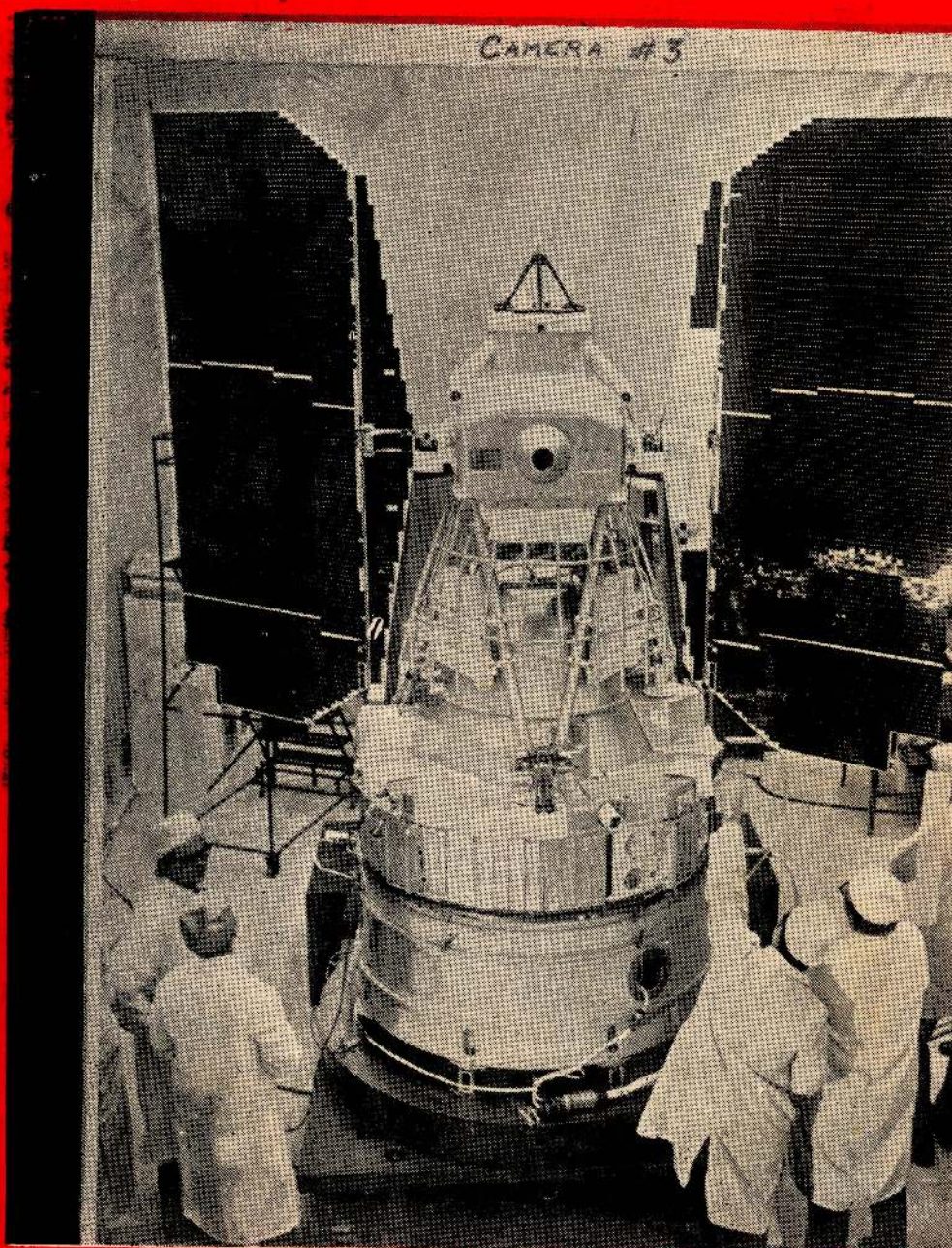
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## Earth Resources Probe: Solar Energy:

**O**N THE COVER we have a picture of the first Earth Resources Technology Satellite (ERTS), shown in flight configuration with solar panels spread, being checked out at a plant in Pennsylvania before shipment to California for launching into solar orbit. Instrumentation includes two independently functioning multispectral sensors to return pictorial images of terrestrial phenomena relating to agriculture, hydrology and ecology. Design is based on the highly successful Nimbus meteorological satellites which have regularly returned pictures of the earth's weather states since 1964. Also aboard is a data collection system for gathering and relaying environmental information from remote ground-based platforms to a central processing facility. A second spacecraft, to be launched in 1973, will have a thermal infrared capability for acquiring maps of surface temperature distributions. Aim of the ERTS program is to develop more efficient management of the earth's resources.

Whilst the military and strategic aspects of US space technology have been given great publicity, the experiments and successes which will bring immense good to mankind in times of peace have been generally ignored. This is undoubtedly because in the last two or three decades, the US has tended to concentrate its propaganda on efforts to impress on the rest of the world the military

proress it has achieved. Nagasaki and Hiroshima brought victory to the US, but at the same time it has created a horrible image of the US which it will find hard to live down. The Vietnam war has made matters worse. But with the new spirit of *detente* sweeping over the US as much as all other countries, it is only appropriate that we look at scientific developments which will help mankind in peaceful pursuits. For instance, electrical power from solar energy is just around the corner if the vision of two American scientists is correct. Dr. Aden B. Meinel of the University of Arizona and his wife Majorie have designed a solar power plant that will generate one million megawatts of electricity purely from sunshine. They have a "novel" plan to store that heat so that electric supply will be uninterrupted on cloudy days or during sunless nights. Their paper design of the future solar farm would cover a square of 75 miles on a side. About one kilowatt of power is received by one square meter of the earth's surface, and the total amount of sun's energy reaching the earth is more than 30,000 times the energy used in all man made devices. In a article in the US journal *Physics Today* the Meinel's claim that solar power is a reality because "no scientific or technological breakthroughs appear to be needed." Solar generators were built as early as in the 19th century, but none of these survived because they could not operate during sunless nights and on cloudy days. The Meinel's

believe that this can be solved by using a mixture of salts (called eutectic salt). During a sunny day the salt mixture absorbs heat from the liquid sodium and melts. At night, or when cloudy, that heat will be liberated by simply resolidifying the salt. It is estimated that 380,000 tons of salt would be needed for one day's reserve supply for a 1,000-megawatt power plant. The two Arizona scientists are building a small-scale solar plant to find out whether their million-megawatt station would indeed work.

In Ceylon, and other countries in the equatorial regions, sunshine is plentiful, and there are also a number of uses for solar energy other than producing electric power. The use of solar stoves and solar heaters can go far towards the conservation of firewood which is now the principal fuel in our rural areas. In India, the National Physical Laboratory (NPL) had started a "solar oven project", some year ago but nothing has been heard of this project for some time now. According to an official report, the project had been abandoned because "the scientists who had started the project had left the NPL." It was a case of a brain drain—scientists seeking more remunerative employment abroad.



# Closer and Closer to the Brink: Darkening Horizons: Strikes

by SERENDIB

**I**N THE LAST issue of *Tribune*, August 30, writing in my usual column, *Ceylon Marginal Notes*, I had ventured to suggest that most people do not seem to realise just how close to the edge we are as Sri Lanka trips along the edge of the razor hoping to reach the other side without either falling off the edge or getting sliced by the razor itself... Those notes, as I had mentioned in that column, were writ-


ten as early as August 20, and today, on September 7, even the most myopic will admit that I was not far out when I assessed the situation as being most difficult and unfortunate for Sri Lanka. I had taken the developing situation during the months of July and early August into consideration when I wrote the last piece, but the events in the last week of August and early September have begun to make everything appear more bleak than ever before. It is not merely "appearing" more bleak. Everything in fact has become more bleak and grim.

The Technical officers strike which began on August 1 continued right up to September 7 when the Union accepted the PM's suggestion that a Cabinet Committee would be set up to go into their grievances. It is significant that the Technical Officers Union had successfully defied the Government, first when the strike was declared illegal—the service being declared an essential service; and second, when the Government set a deadline and proclaimed that all those who did not return to work by a particular date would be deemed to have vacated their jobs. Even this did not have the effect the Go-

vernment had hoped for on the strikers. The Government had announced that it would recruit new personnel to fill the jobs. The Union called the bluff of the Government because they knew that it was virtually impossible to recruit technically qualified staff on the scale required. It was only after the Bank Employees had come out on a strike on September 1 that the Government sought to defuse the growing strike situation by making this face-saving offer of a Cabinet Committee to the Technical Officers—which they accepted with promptitude and grace to show that their strike had not been motivated by any anti-government political objective.

Though the technical officers strike has been settled in this way, just in time for the Irrigation Department to function fully when the Maha sowing season is about to begin, the Government has come out of this strike with scars which cannot be easily eradicated. The fact that the officers and the Union were able to defy the orders of the Government and also call its bluff about recruiting other personnel to replace them does not redound to the credit of the Government.

The fact that this strike has been settled however is lost in the overwhelming impact of the current bank strike. Business and all activity centred around the banks have ground to a halt and unless the strike is settled or called off soon,



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the repercussions on the economy will be very adverse. The Government once again set a deadline. All strikers were deemed to have vacated their jobs at zero hour, and at the time of writing official announcements and communiques repeat that new recruits were being signed on and that they were being sent for training—no doubt the Government hopes that this show of strength will impress the strikers and intimidate them to return to work. It is most unlikely that this threat of the government will pressurise the strikers to return to work. And if the Government resorts to massive recruitment, it is generally accepted that such new recruits cannot run the banks. And if the Government should attempt to force the pace, there is no doubt that chaos and anarchy will spread through the banking service. Already the two state banks, which dominate over 80% of all banking work, are run on inefficient and bureaucratic lines and if the Government seeks to throw out the strikers and run the banks with raw recruits it will be difficult to envisage the extent, depth and magnitude of the resulting mess.

FURTHER, whispers in the trade union world indicate that if the Government sought to smash the bank strike through the mass recruitment of black-legs, a number of other unions were likely to come out on sympathetic strikes. Government circles still seem to think that fervent appeals by Left lea-

ders to the working class that they should not strike against a "socialist government" (which had won an overwhelming parliamentary majority in 1970) will bear fruit. But such appeals were made to the bank employees for the last six months and more. The leadership of the bank union which was inclined to toe the UF line was thrown out decisive a few months ago by the majority of the rank and file, and the Government cannot expect to evoke the response it seeks from either the present leadership of the Bank Employees Union or the rank and file or its members. It is through negotiation alone which the Government can hope to come to terms with the bank clerks—unless in a war of attrition the Government is able to win through coercive measures.

It is unfortunate that the writ of the government has become shaky. One trade union after another is not willing to heed to the pleas of the Government. Learned theses are propounded by leading lights of the UF that wages should be frozen and that the "socialist government" in the throes of an economic crisis should not be embarrassed by the trade unions and the organised workers—but all these pleas seem to leave the workers cold. What seems to have got under the skin of the workers is that whilst the cost of every single item of foodstuff and clothing has gone up—apart from the total impossibility of getting essential requirements—the

pundits who seek to tell the workers what is good for them seem to have a cushy time buying luxury new cars for a song at Government stores, travelling round various parts of the world under one pretext or another without being affected by the austerity which has been imposed on the rest of the community.

*There is not the slightest doubt that a very good case can be made out not only for freezing wages but also cutting down real wages (as well as consumption). But the leaders of the present government will find it extremely difficult to persuade the working class to make this sacrifice. Every time a leader of the UF, particularly the Left stalwarts of the Government, are seen riding in their newly acquired Mercedes Benz, or Peugeot, or some other new car, public antipathy to them keeps mounting.*

Where the bank strike will ultimately lead to is still problematic, but the credibility gap the Government has created between itself and the working masses is daily becoming more and more acute. The gimmick of calling all those who are not willing to accept the dictates and doctrinaire proclamations of UF theorists as "reactionaries", "counter-revolutionaries", etc. etc. has lost all the sting such names had immediately the UF had come to power. The crowds which have flocked to the meetings of the "reactionary" UNP in recent weeks are also an indication



that the swing of public opinion seems to be away from the Government.

THE GOVERNMENT however should be happy that a particularly dangerous confrontation in the trade union sector has been temporarily defused for a time, viz. the confrontation stemming from certain demands raised by the Ceylon Workers Congress. On August 21, the CWC had scheduled an "exercise" to draw attention to demands which had been ignored for a long time. "Over a hundred thousand workers employed on about three hundred estates in the Dimbula, Dickoya and Nuwara Eliya planting districts were expected to commence reporting to work on their respective estates at 9 a.m. This is the first phase of the strategy evolved by CWC to focus attention on the fact that plantation workers have reached the end of their tether over the steady deterioration of their living standards and that their grievances as epitomised in the Congress demands need being looked into as a matter of urgency.

"In a statement detailing the events that have led to this course of action being followed by the CWC, President Thendaman has said that the union is governed by the need— (a) to avoid jeopardising the national economy; (b) not to fall foul of the emergency regulations; (c) to formulate a strategy to realise the aspirations of the workers, that would focus attention on the

urgent need to obtain the minimum demands submitted by the CWC.

"The demands referred to concern— (a) a monthly wage for estate workers; (b) removal of discrimination in the wages of the female tea pluckers and rubber tappers based on sex; (c) a gratuity scheme based on a month's wage for each year of service; (d) recognition and the extension of the working hours presently conformed to by men workers who are free to sign off after the completion of a set task, the duration of which usually does not exceed six hours; (e) the acceptance of six hours as the working day for workers required to work at abnormal hours doing night manufacture, rubber tapping etc; (f) the cessation of the practice of denying employment to workers on the ground of late attendance and/or on-the-spot-disciplinary action.

"The Congress boss has also indicated that the union would hold itself in readiness to examine any proposal that may be put forward by the employers within the framework of these demands. On the 11th of July, talks held between the CEEF and the CWC broke down as the employers organisation was not in a position to agree to an interim measure proposed by the union pending the disposal of the overall question, the workers should not be denied employment on account of late attendance as widely done at present. For the same reason the Congress

turned down a request made by the Federation subsequently to postpone the union's contemplated action for a period of three months. In the meantime a meeting of some of the major plantation workers unions is scheduled to take place before the 21st with a view to exchanging views regarding the 9 a.m. clocking in strategy."

WHILST SUCH was the manner in which the *Congress News*, 15/8, the organ of the

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CWC, described the trade union "exercise" to be initiated by it, the LSSP-oriented *Nation* reflected the efforts made by the LSSP to denigrate the CWC. In its issue of August 18, the *Nation* published on its frontpage, with obvious editorial approval, statements by three plantation trade unions condemning Mr. Thondaman and the CWC. In a statement issued to the *Nation* by Mr. A. Aziz, the President of the DWC had stated: "The Democratic Workers' Congress considers the move of the Ceylon Workers' Congress in advising the workers to report for work at 9 o'clock in the morning, as ill-conceived, opportunistic and against the interests of the worker at the present juncture. Workers on the plantations have various problems which need to be attended to and solved. But the important one of these at the moment is the demand of a monthly wage. While there is difference of opinion over the quantum, there is unanimity amongst all plantation Trade Unions, including the Ceylon Workers' Congress, in respect of the principle of a monthly wage. While the monthly wage is being crystallised, this diversion created by the Ceylon Workers' Congress in respect of working hours can be interpreted to be motivated only for side-tracking the monthly wage issued..... Whatever padding the Ceylon Workers' Congress may attempt to do by denying this charge, the fact remains that their present

move is diverting the attention of the workers from the main problem. The C. W. C. has always indulged in tactics to side track the wage issue and has torpedoed it in the past..."

The DWC, which had sprung out of a splinter group of the CWC itself, has sought to make a red herring of the monthly wage question in order to denounce the CWC for wanting to take some kind of direct action to draw attention to the problems of plantation workers.

But the *Nation* really went to town with a statement by Mr. V. S. Rajah, the General Secretary of the LEWU, the LSSP-run plantation union. Taking a high and mighty attitude, from the Olympian heights of a pro-government trade union, Mr. Rajah preached a sermon after denouncing the move of the CWC and after criticising Mr. Thondaman both on personal and political grounds. "All the plantation unions, with the exception of perhaps the Ceylon Workers' Congress, are opposed to Mr. Thondaman's scheme for plantation workers to begin work at 9 a.m.," said Mr. V. S. Rajah, General Secretary of the Lanka Estate Workers Union, in an exclusive interview with *The Nation*. "I have reliable information that even the rank and file of the CWC oppose this move," he said.

IN A FULL-FLEDGED barrage on Mr. Thondaman, Mr. Rajah first launched a personal attack trying to make

out that Mr. Thondaman, being a "capitalist", had no right to represent the workers. "I am at a loss to understand why Mr. Thondaman is now trying to be a 'revolutionary' leader in the plantations. After all he could have had such sweeping changes instituted during the time of the last Government, when not only was he an MP, but when he had his people in the Senate as well. That was the time when the CWC did have the largest following in this country as far as unions go. But since May 1970, it is evident that there has been a considerable weakening of the CWC. And there is no doubt that it is this fear of further weakening that prompts Mr. Thondaman to pretend that he is really interested in the needs of the working class. But even today," emphasised Mr. Rajah, "he cannot help drawing attention to the fact that he, as a landed proprietor, has the interests of the estate employers at heart more than anything else."

But Mr. Rajah and the LSSP were not content with a personal attack alone. They concentrated on a political attack on Thondaman with a "communal" twist that CWC had become involved with the "reactionary" Tamil United Front. But the main charge against him was that he had been tied up with the UNP in 1965-70 period. What the LSSP spokesman said of Mr. Thondaman is typical of the logic utilised by the UF to denounce its



political opponents, but while such logic had an impact immediately after the 1970 elections, it does not seem to carry much weight today.

"Thondaman's conduct is quite easy to explain. He is trying to create a problem for the UF Government. Because it will amount to sabotage of both the plantations and the interest of the workers if this demand of his is implemented. You can be sure that had the UNP been in power today, Mr. Thondaman would not have dared to open his mouth. This then is part and parcel of the class struggle. And it will end against the workers if Thondaman's demand is given into. Only the Capitalist and other reactionary forces will benefit from this. The workers have obtained tremendous benefits under this Government. There were the increases in EPF, provision for the union leaders to enter estates, no dismissals without cause and no ejection from lines. The plantation owners, among whose number we find Thondaman, are opposed to these reforms and would like to topple this Government. Perhaps they consider Thondaman the ideal person to do so.

"Already" said Mr. Rajah in conclusion, "we have seen that Thondaman's General Secretary has appeared on platforms in the North and East with the so-called Tamil United Front leaders. Thus we see the part that he and his friends are playing in the interests of the reactionaries. I am

indeed sorry to see that he is so openly dragging the plantation workers into battles such as this, which aim at the preservation of English!"

The *Nation* also roped in the CP-led UPWU to chip in a statement condemning the efforts of the CWC. It followed the same stereotyped pattern. This is what it said: "The United Plantation Workers' Union has also expressed concern about Thondaman's 'clock in at 9' proposal. They have said in an official statement: What is important is to limit the work-day to eight hours and not the time when workers should commence work. It would be an under-estimation to state that most CWC Members themselves are not taken up by this ludicrous demand to begin work at 9 a.m. The UPWU feels that a strike on this issue would only divert the plantation workers from their main demand for a monthly wage and undermine the interests of the workers."

IN SPITE of this barrage from the United Front trade unions on the plantations, the Minister of Labour thought it necessary to seek an agreement with the CWC; and on August 18 at a conference "agreed" that the clock-in could be at 9 a.m. But the employers were up in arms against this "decision" by the Minister of Labour and brought pressure upon the Cabinet to reverse this "agreement" with the CWC. But more than the employers the UF trade unions

and the LSSP Minister of Plantation Industries were against this "agreement" and they were evidently responsible for the Cabinet decision of August 23 restoring the *status quo*. The CWC fortnightly *Congress News* set out the position after the Cabinet decision thus: "The dispute between the Ceylon Workers' Congress and the Ceylon Estate Employers' Federation with regard to the revision of working hours of estate workers, which was the main plank used by the union to revive the economic demands made to the employers on behalf of the plantation workers, has snowballed into gigantic proportions due to employers contriving not to accept the formula that was hammered out at a meeting between the Minister of Labour Mr. Michael Siriwardene and President Thondaman on the 18th August. The Formula evolved by the Minister of Labour followed a n eleventh hour successful bid made by him to avert the action contemplated by the CWC requesting its membership to report for work on their respective estates at 9 a.m. from the 21st. Arising out of a meeting between the CWC and Labour Minister, which took place at the Minister's residence, a directive was issued by Mr. Michael Siriwardene, stipulating that the time in which work should commence on individual estates should be a matter of agreement between the workers and their respective employers. If no such agreement is reached, 8 a.m. should constitute the time in which work should start. The



agreement also provides for the cessation of the practice of denying employment to workers on account of late attendance and on-the-spot-disciplinary action. The agreement also stipulates that the demands presented by the CWC including a monthly wage to estate workers should be discussed with the CEEF within a period of three months. If the parties did not reach accord on these demands the Labour Minister agreed to act as the mediator to bring about an overall settlement of the CWC demands".

*Congress News* thereafter set out how the employers sabotaged the agreement. "The employers however have not accepted the Labour Minister's formula. In the meantime the Cabinet which met on Wednesday, the 23rd, August, issued the following communique calling for the *status quo* with regard to working hours on estates: A memorandum submitted by the Minister of Labour setting out the report of his discussions with the Ceylon Workers' Congress and the Ceylon Estates Employers' Federation on the question of working hours on plantations was considered by the Cabinet and it was decided that as the matters in issue affected the plantation industry as a whole and all plantation trade unions and major Government policy questions, the Minister should hold early consultations with representatives of all plantation trade unions and of employers together with the Minister of Plantation Indus-

tries. The Minister of Labour was requested to report to the Cabinet on the results of the consultations. Until such time, the Cabinet decided that practices which prevailed earlier on this question should be continued..."

But the C.W.C. could not resist taking credit for having achieved something substantial in spite of the Cabinet decision. But the Cabinet decision to throw out the "agreement" arrived at by the Minister of Labour had put the CWC and Mr. Thondaman into a pickle. The time however was neither propitious nor appropriate for a direct confrontation between the CWC and the Government. Whilst awaiting a conference of all trade unions, the CWC kept up the morale of its members by insisting that they had scored a victory.

"President Thondaman however in a press statement issued on 25th Aug. has pointed out that the workers' conformation to the Labour Minister's formula is *fait accompli* and that the Cabinet's interference in the matter has merely emboldened employers to refuse accepting the produce brought in by the workers resulting in the destruction of hundreds of thousands of pounds of tea which in turn hits at the very vitals of the country's economy."

Finally a conference was held on August 30, where the CWC staged a tactical retreat by agreeing to generally lay-by the dispute whilst a compromise concession of a half-hour

grace period was given for clocking-in. The UF trade unions hailed this as a great UF victory against the CWC, but the latter felt that the half-hour grace gave its unions adequate face-saving leverage to strengthen its position in the plantations. But the report in the *Nation* of September 1 under the heading that Thondaman had been "DEFEATED" is an indication of credibility gap which the UF has now to overcome. This is what it said: "Mr. S. Thondaman, leader of the Ceylon Workers' Congress, himself abandoned the demand for the alteration of plantation workers' clock-in-time to 9a.m. This transpired at a meeting held last morning at the Labour Secretariat. This meeting was attended by the Minister of Labour, the Minister of Plantation Industry and the Minister of Justice. Present at this conference were representatives of all the trade unions operating in the plantation sector. At the end of this five-hour meeting, it was resolved that the plantations would reinstate the old-clock-in-times. This time, incidently, varies from district to district and estate to estate. Special emphasis has, however, been laid on the fact that no plantation will be allowed to use the recent controversy regarding clock-in-time to exploit the workers by making them come out at an earlier hour than in the past."

THE FACT that Mr. Thondaman had to "climb down" was hailed as a great victory for  
(Continued on P. 22)



## TOPICAL

## Malacca Straits

B. S. K. GROVER

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**T**HE STRAITS of Malacca and Singapore which have become the busiest water-way in South-East Asia in recent years, and for long considered an international waterway, threaten to develop into another tension spot of South-East Asia. The present tension emanated from the decision of the Governments of Malaysia and Indonesia to extend their territorial waters to 12 miles. Except for a short midway stretch, the Straits are nowhere wider than 24 miles. The territorial waters of the two Governments overlap at a number of places.

The freedom of navigation through the 300 mile funnel shaped waterway, the shortest route between the Indian and the Pacific Oceans, and the right of the big powers to send their naval vessels through the Straits without first securing the permission of Indonesia and Malaysia, are the main issues involved in the dispute. The Straits which link the Indian Ocean with the South China Sea and the Pacific lie

between the Indonesian Rho Archipelago and Singapore.

Indonesia and Malaysia formally staked their claims to the Straits when they, in a statement signed on November 16, 1971, raised the claim that the Straits of Malacca and Singapore are not international Straits while they fully recognize their use for international shipping in accordance with the principle of innocent passage. Singapore, which also participated in the deliberations only "took note" of this stand without endorsing it. This unilateral declaration of sovereignty over the Malaccan Straits by Indonesia and Malaysia caused a flutter in the maritime circles.

THE DISPUTE has assumed alarming proportions because on April 5, 1972, Indonesia served a notice on all maritime powers to notify in future either Malaysia or Indonesia before any of their warships use the Malacca Straits. The Indonesian Naval Chief of Staff, Admiral R. Sudano has further warned that "our armed forces will attack any foreign submarine entering Indonesian territorial waters without permission, because it means a violation of Indonesia's sovereignty". On the other hand, almost every maritime power except the People's Republic of China, is opposed to the Malaysian-Indonesian claim of sovereignty over the Straits.

Japan, which uses the waterway more than any other South-East Asian nation, is greatly perturbed over the de-

cision of the littoral states. The Japanese Foreign Minister, Takeo Fukuda said: "Japan viewed with concern the Indonesian and the Malaysian move to control the Malacca Straits." While formally rejecting the Indonesian-Malaysian claim, he told the Diet that Japan would insist on the principle of free passage through the Straits as Japan viewed it as an international sea lane. Japan's interest can be easily appreciated, since its ships form the largest single group of those traversing the Straits. About ninety per cent of its oil supplies are brought by its giant tankers from the Arab oil-fields through this water-way. Malaysian-Indonesian action in prohibiting the passage of warships, super-tankers and other merchant vessels of over 200,000 tons through the Straits would mean a higher transport costs because the other available route, round the Indonesian Archipelago, is long and circuitous. Instead, the Japanese have been seeking the co-operation of interested states in dredging the Straits to make them safe for bigger tankers. The Indonesians and the Malaysians have not evinced much interest in the proposal. They argue that deepening the Straits for use by super-tankers would increase the chances of pollution, thereby affecting the fishing industry, for an accident to a big oil tanker is enough to make the beaches unsalable.

THE SOVIET UNION also is not prepared to accept the



Indonesian-Malaysian claim on the Straits. Early in March 1972, the Soviet Ambassador to Japan, Mr. Oleg Troyanovsky reiterated: "The Soviet Union considered the Malacca Straits to be an internal waterway which must be kept open for free passage by foreign ships". The Soviet ships would need to make costly detours of several thousand miles—as would the Japanese—to reach the Indian Ocean, if these were prevented from using the Malacca Straits.

The USA too has insisted on the right of free navigation for her warships through the Straits. Kuala Lumpur, however, has very recently rejected the United States claim to unhindered freedom of passage through the Straits. In this connection, it is worthwhile to recollect that the United States opposed the measures initiated by the Canadian Government in April, 1970, which aimed to extend national jurisdiction on the high seas with a view to controlling pollution, fishing and navigation and extending territorial waters to 12 miles. It said in a statement on April 15, 1970: "International law provides no basis for these proposed unilateral extensions of jurisdiction on the high seas and the USA can neither accept nor acquiesce in the assertion of such jurisdiction."

On April 25, 1972 Britain too, repudiated the Indonesian-Malaysian claim and has reiterated that the Straits of Malacca constitute an international waterway and the ships of

the nations should be given "unhindered passage" through it.

INDIA, while closely watching the developing controversy over the Straits of Malacca, has not so far taken any public position on the issue. However, as a nation with vital trading and maritime interests, India would very much like to have unhindered freedom of navigation through the Straits. But it will be extremely sensitive in adopting any posture that would appear as openly rejecting the interests of developing nations like Malaysia and Indonesia.

Singapore as a littoral State, has not rallied wholeheartedly behind Indonesia and Malaysia. It is not in the interest of Singapore to place restrictions on international shipping passing through the Straits. The importance of Singapore, one of the world's largest ports, will decline if the traffic that now passes through the Straits shifts to the Makassar and Lamlak Straits as proposed by Indonesia. Besides, both Malaysia and Indonesia are envious of the entrepot trade that Singapore has enjoyed. To contain Singapore, Malaysia is developing Port Klang and Indonesia Tjilatop (on the southern side of Java) to cater to the growing Japanese-Australian trade. In view of this, Singapore's Foreign Minister Mr. Rajaratnam said: "We believed this lane should be freely accessible to all nations without discrimination. He

urged restraint on all sides and said "the real problem could well be lost sight of once the question of the Straits of Malacca and Singapore is diverted by cold war considerations".

THE PEOPLE'S REPUBLIC OF CHINA has come out in support of Indonesia and Malaysia. China's *Lis'n-hua* news agency said. "The Soviet Government recently raised in collusion with Sato's Government the absurdity that the Straits of Malacca should be internationalised, aiming at interfering in the affairs of the Straits and encroaching upon the sovereignty of the States on both sides of the Straits". According to Peking, the move was part of the wider strategy to "build up racial hegemony in the vast area from the Black sea, the Indian Ocean, the west Pacific to the sea of Japan. China has a stake in nations being given the maximum control over adjoining seas. She has staked her claims on Senkaku islands now being held by the United States.

Indonesia and Malaysia have repudiated all efforts which deny them control over the Straits. The Foreign Minister of Indonesia, Mr. Adam Malik has said "The Russians can say whatever they wish but we will stick to our view...we do not agree to the internationalization of the Straits." Malaysia has affirmed its support for the Indonesian stand.

But the current dispute over the status of the Malacca Straits



is very much a question of territorial limits. There is no uniformity in international practice as regards the extent of territorial waters. It varies from three miles to two hundred. The older maritime powers like the UK, the USA, Japan, Australia, and France adhere to three-mile limit, while USSR, India, Iran, Canada, People's Republic of China, Bulgaria, Ghana, Tanzania etc., follow the 12-mile limit. The 200-mile limit is claimed by the Latin American countries like Chile, Peru, Ecuador and El Salvador.

THE STATUS of the Straits cannot be discussed in isolation, since there are more than 100 other waterways whose status will have to be settled now that many countries favour extension of their territorial waters to 12 miles or more.

The legal issue involved in the present case is whether by unilateral action riparian States can convert an international strait into their own territorial waters. It was stipulated in the Geneva Convention on the Territorial Sea, 1965, (vide Article 16, Clause 4) that "there shall be no suspension of the innocent passage of foreign ships through straits which are used for international navigation between one part of the high seas or the territorial of a sea of a foreign state." The principle of free navigation is recognised in the case of Straits of Gibraltar, the Magellan Straits, the Dover and the Baltic Straits.

The Montreux Convention of July 20, 1936, provided for freedom of passage and navigation for ships of all nations through the Straits of Dardanelles and Bosphorus.

Under customary international law, as enunciated by the international Court of Justice in the Corfu Channel Case (I.C.J. Reports, 1949, p 4) both merchant ships and warships have, unless otherwise prescribed by treaty, a right of free passage "through straits used for international navigation between two ports of the high seas without the previous authorisation of a coastal state, provided that the passage is innocent. Unless otherwise prescribed in an international convention, there is no right for a coastal state to prohibit such passage through straits in time of peace".

In view of this decision, it may not be an acceptable proposition that individual nations may be allowed to control previously used international channels. The Soviet Union, has ignored the Indonesian demand that the foreign naval vessels passing through the Straits of Malacca should first inform either Indonesia or Malaysia. The Soviet vessels have been sailing through without informing either Kuala Lumpur or Djakarta since the two Governments staked their claim in November, 1972.

A firm solution to the dispute may have to be worked out at the United Nations Laws of the Sea Conference to

be held at Stockholm, in April 1973. It is clear that disputes concerning the limits of territorial waters, narrow straits, etc will need prompt attention. The nations of South-East Asia should guard against the possibility that this dispute may not lead to the erosion of goodwill and harmony among the nations of the region.

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## Urban Property: Private Owners, Public Needs

New Delhi,

**T**HE proposal for imposing a ceiling on urban real estate seems to have four objectives. These are: (a) to reduce concentration of wealth in the hands of the urban rich (b) to obtain for the State a share in the rising values of urban immovable property on the grounds that such additions to value are mostly on account of public activities (building of roads, sanitation facilities, etc.) and growth of urban population (c) to utilise scarce urban land more intensively so that more people and activities can be located on it, and (d) to create a stock of urban land in the hands of the Government to enable it to prevent speculation in land and control it's prices.

THERE CAN be two alternative means of achieving these objectives. The first is fiscal: wealth in the form of urban real estate and incomes may be subjected to special taxation at progressive rates. The other alternative is for the government to acquire all such property of value or size above a certain limit in the possession of one individual or a family. The Government has opted for the second alternative.

The objective of re-distribution of non-agricultural wealth is an accepted aim in our country. At the very beginning one should remember the simple fact the concentration of urban real estate in the hands of a few fall in the same category as concentration of bank balances or gold.

But then one may argue that urban property gains in value when the area prospers, new people move in and the public sector provides more amenities. None of these is the achievement of the owner of the property and thus he can have no claim to the capital gains he makes because of them. Therefore they should logically go to society.

IT IS however not clear how the ceiling on urban property with compensation will be implemented so that it may achieve this objective. After all, property may become liable for urban ceiling only when its value has appreciated on account of external factors. If the owner is now compensated for the full value today of the property above the ceiling, then he has not had to surrender any part of the increase in land value. He has merely got it transformed from land into other kinds of assets.

Yet another purpose in imposing such a ceiling may be to stop black money from finding a channel of investment in urban property. But black money can be stopped from finding such a channel by another means. If all private property as of today is correctly valued, then a lot of unaccounted funds diverted into building will be discovered.

Secondly, the ceiling authority will have to pay the owner compensation for the property's value so that the owner's purpose of making black money white will be easily fulfilled.

THE GOVERNMENT has prepared a model bill already for the imposition of ceiling on urban property. This model bill lays down that after the passing of the act, if the total value of urban real estate property of one owner surpasses a certain amount, then that part of the property which is above the ceiling will be declared as liable to acquisition by the Government. But the difficult problem will be how such urban properties should be valued.

As is known, valuation of urban properties in our country is very difficult for several reasons. The price fixed at the original cost minus depreciation will include no premium for the gain in value in recent times. Capitalisation of rent also often gives depressed value if the property comes under rent control or has the same tenants for a long time.



It is however the general custom that valuation of a property is generally based on capitalisation of rent. For urban property ceiling also, the authorities will have to accept this basis. This will mean that the valuation of the property will not be just.

THEN THERE is another very knotty problem. If a ceiling on urban property, whether by value or size, is imposed, then of the total property of a person, a certain percentage will be declared as being in excess of the ceiling. However, his total property may consist partly of good property and partly of slums. Which part should the Government now get? The owner will naturally pass over his most unprofitable part of the property. This will mean that the Government may be saddled with a lot of dilapidated, old and badly situated properties. Or, in the case of a single high-rise property which may be declared as above the ceiling, the owner cannot sell the whole property since nobody will buy property which is partly above the ceiling. Should the Government now buy the entire property and invest a much larger sum of money in it than was expected when imposing the ceiling.

THIS PROCEDURE may lead to paradoxical results particularly in marginal cases. A property whose value is slightly more than the ceiling value as assessed by the State for this purpose, when offered for sale

in the open market, may actually fetch a price which is less than the prevailing value. In consequence, if the property is sold, the buyer will be able to evade the ceiling taking advantage of temporary imbalance in the housing property market caused by the very measure of fixing a ceiling on urban property. Or, alternatively, the seller, by establishing the fact that his property cannot fetch any price above the ceiling in the open market may get exemption from this measure. In both cases the very purpose of introducing this measure will be defeated.

Then there are other loopholes in the model bill itself. According to the model bill, the property owner can dispose of the property after writing to the State Government asking them if they need it for any public purposes. If he receives no reply in three months, he is free to dispose of the excess property.

Thus the ceiling will only apply to those owners whose property is needed by the Government immediately. As there does not specifically appear to be any intention to build up a stock of urban property in public hands, the bill will merely make it easier for the Government to acquire some more urban property it may need for public purposes.

Secondly, in such cases if the Government does not agree in time (that is within three months of the notice given by the owner, to buy the properties and pay compensation, the

owners may once again escape imposition of the ceiling.

IN FACT, the public authorities already have several powers in hand which can achieve most of the aims of the model bill. If these measures have failed, then one has to guard all the more against the new measure being made ineffective.

At present urban property is subject to Property Tax, Income Tax, Wealth Tax, Estate Duty and Gift Tax. We can ignore property tax for the moment on the assumption that it is a fee for services given, though this does not explain the progressive rates of that tax in Calcutta.

The other levies, unlike the proposed ceiling on urban property, are all confiscatory, there is no compensation given to the owner, either at market or at normal values. At the present rates of taxation, a virtually confiscatory ceiling on urban real estate ownership exists at values of Rs. ten lakhs and on all wealth together at values of Rs. 15 lakhs. The marginal rate of income tax has been stepped up to 97.75 per cent on incomes exceeding Rs. two lakhs. This effectively imposes a ceiling on non-agricultural incomes provided there is no evasion. The marginal rate of estate duty is 85 per cent on the values of assets exceeding Rs. 20 lakhs and the marginal rate of gift tax is 75 per cent on taxable gifts, exceeding Rs. 20 lakhs.



Such high rates of taxation can effectively check any growth of concentration of wealth provided these taxes are effectively collected. Where wealth is not being transferred, the annual tax on wealth can ensure an effective ceiling on urban property and even on total wealth over time. The maximum rate of Wealth Tax on urban property will now be 15 per cent if the property exceeds Rs 15 lakhs in value. Property worth Rs 10 lakhs earning an annual income of Rs 60,000 would have to pay a sum of Rs. 66,450 in wealth tax and income tax. Even if the net return from the above property is eight per cent the annual income would be Rs 80,000 and the annual tax liability Rs. 82,550.

**THE RATE** of wealth tax alone on slabs of wealth exceeding Rs. 15 lakhs is eight per cent and as no property yields a higher rate of net return, Rs. 15 lakhs would virtually be the ceiling on total wealth. If these measures are not as successful as they should be, it is because of their large-scale evasion and avoidance.

It is precisely because valuation of real estate and especially of its furnitures and fittings is difficult that urban property has become the recipient of black money.

If valuation methods are not changed—and it is not easy to suggest changes in these methods—then the imposition of an urban ceiling will share all the difficulties of the existing me-

thods. On the other hand, if penalties for avoidance of existing taxes are made severe and imposed vigorously, then they are sufficient to deter private capital from going into land speculation, the Government can launch programmes of well-planned land development, housing and urban renewal which will all help to utilize urban land better and stop speculation and rack-renting in our cities.

To block the outlet in real estate for black money two measures are needed:

**A FUND** at the disposal of all public authorities (whether local, State or Central) which are involved in valuation of property to buy up, at the owners' valuation, any property whose value is obviously being under-quoted.

Legal power giving Government the first option to buy any property which the public sector thinks is being under-quoted either for registration or for taxation. The imposition of the ceiling cannot achieve this for properties below the ceiling.

And even for those above, it may not get the best choice amongst the persons' properties. If such powers are vested with public authorities, the demonstration effect of such action in a few selected cases will be a sufficient deterrent to large-scale under-quoting of property values in future. The Government therefore need not have to deal with each and every

owner who uses black money in real estate.

If the Government is going to invest money in buying urban property, it should do so by creating a fund backed by powers to have the first option on property sales for buying up all properties which are blatantly undervalued for any tax measure whether property tax, registration fee or wealth tax, etc.

All the properties acquired may not be assets to the Government. Some of the properties would be of little use to the Government since their location and quality cannot be a matter of public choice. It will therefore prevent speculation and control prices of land. The public sector can control the urban land market effectively by actually entering it as a supplier of developed planned lands in new areas or in renewed ones.

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## SMUGGLING

## Smuggling, A Deadly Disease

U. M. JAIN

*Mr. U. M. Jain is a Lecturer in Economic Administration and Financial Management, Government College, Kishangarh, Rajasthan.*

The estimate of the value of goods smuggled into this country, Rs. 200 crore, is nearly 50 per cent of India's legal imports. Few citizens can claim to be innocent of this crime which acts on our economy as a deadly disease.

**S**MUGGLING, the importing and exporting of prohibited goods secretly and in defiance of rules and regulations, has become so rampant in India today that not only in big cities and towns, but even in remote villages, smuggled articles are readily available. The wide range of contraband includes gold, transistor radios, cameras, tape recorders, watches, suit lengths, sarees, synthetic yarn, liquor, cosmetics, pickles, sauces, etc. Their use is widespread and is now regarded as a status symbol by the *nouveau riche*, the wealthy parvenu of Johnny-come-lately of urban India. This encourages smuggling—even at great risk of being caught in the act with disastrous consequences—in alarming proportions which

causes much stress and strain on the nation's economy.

Why do people indulge in this illegal, anti-social and anti-national activity? The answer to this question can be summed up in the short phrase, profit motive. The smuggler is fully aware of the great risks involved in his venture, but the high margin of profits always lures him.

Ten grammes of gold in the international market costs only Rs. 84-89, while it can fetch as much as Rs.200 in India. Similar is the case with other smuggled commodities, which are cheaper and sometimes superior in quality in comparison to their indigenous counterparts. Being so, they have no difficulty in finding customers.

SOME of the luxury items imported in India are subjected to a customs duty of 100 per cent or even more. This high rate of duty is another important factor encouraging smuggling. A persistent and steep rise in the general price level also has given an impetus to smuggling, and the devaluation of the Indian rupee in 1966 was not much of a help

in eradicating this deep-rooted evil.

Smuggling, developed into a fine art, has thus become an unfortunate feature of our life. The master-minds in the racket along with their associates, are resourceful and act with skill, imagination and thoroughness. The activities, right from receiving the consignment at the incoming points to despatching them to destinations, are undertaken in a highly planned and organised manner. Everything goes on smoothly so as to arouse no suspicion. At a particular place and at the appointed time, two persons may come in contact with each other, and after exchanging some code words to establish their identities, the deal is struck, and the packets are exchanged—one containing gold or other smuggled articles and the other, currency notes. The consignment is subdivided into smaller packets and through a chain of contact men, despatched to different centres all over the country. Indeed, the main networks are much wider, functioning at international levels.

What is remarkable about the whole business is that it is transacted entirely on mutual confidence. The deal worth lakhs of rupees is finalised without counting the money, weighing the gold or checking the contents of the packets. Everyone engaged in the racket is aware that unity, sincerity and mutual trust is the *sine qua non* of smuggling, and if anything goes wrong at any



point, all concerned would get into serious trouble. Of course all those who work in such networks do so in the hope of getting rich quick. Frequently, however, innocent people get involved in the business in a manner as never to be able to get out of it at all.

**THE TRANSACTIONS** are recorded in the so-called number two accounts (*Do number ke khate*). These records and accounts are kept in strict secrecy and every care is taken to see that no information leaks out. Therefore, it is difficult to estimate accurately the total volume of smuggling. In the prevailing conditions, the estimate of the total volume of smuggling, Rs. 750 to 800 crore annually, is moderate. Even if the amount of Rs 800 crore is accepted, it should serve as an eye-opener. Considering that legal imports were worth only Rs. 1,678 crore in 1970, the figure of illegal imports would amount to nearly 50 per cent of the country's regular imports.

During 1970, while imports in the absolute terms increased by Rs 115 crore, exports could move up only nominally, by Rs. 11 crore, widening the unfavourable balance of trade from Rs. 165 crore in 1969 to Rs. 269 crore in 1970. And this unfavourable trend continued during the first nine months (January-September) of 1971, when the total import bill amounted to Rs. 1,405 crore, as against the export bill of

Rs. 1,171 crore, leaving a deficit of Rs. 234 crore. When the country is facing the problem of unfavourable balance of trade year after year, eradication of the menace of smuggling is of paramount importance.

Since payment for contraband is made in several illegal and unauthorised ways, smuggling has emerged as a major source of foreign exchange drain. By and large, smuggling is financed by one or more of the following methods:

(a) By the sale proceeds of goods smuggled out of India, which include silver, opium, hashish and other narcotics, precious stones, antiques, etc.

(b) By unauthorised purchase of foreign currencies from tourists coming to India.

(c) By deflection of remittances through unauthorised channels. Indians living abroad are tempted to remit the amount they want to send home, through an unauthorised foreign exchange dealer, who arranges payment in India at the rate of Rs. 12 or 13 per dollar as against the official rate of Rs 7.29. While the remitter makes a profit, the dealer finds the necessary finance for the payment of the contraband.

**FOREIGN-EXCHANGE** reserves generated by under-invoicing of exports and over-invoicing of imports and other manipulations through trade channels, are utilised by the traders for their own use or for

building up illegal exchange reserves abroad and a part of it is used to finance smuggling.

Smuggling thus causes a serious drain on our foreign exchange, urgently needed to import industrial raw materials, plant and other equipment to ensure fuller utilisation of resources and to create larger employment opportunities for the masses. Our march towards the cherished goals of rapid industrialisation and economic betterment of our masses require economic discipline and sincere efforts on all fronts. We have to conserve our existing resources, so that our reliance on foreign aid of all kinds is reduced to the minimum, and our defence preparedness is not jeopardised by non-availability of foreign exchange. In this context, it is necessary that smuggling be recognised not merely as an economic problem but as social and political problems too.

Checking this illegal and anti-national activity with a heavy hand is the need of the hour. Government should make a two-pronged attack on the problem: First, by tightening the relevant provisions of foreign exchange regulations and Customs Acts, and secondly, by providing honest and efficient administration on the one hand and strengthening and improving the intelligence agencies dealing with smuggling on the other.

**BUT WE KNOW**, strengthening the enforcement staff with greater authority and



power, and meting out deterrent punishment to the guilty, as is the case with all other crimes, will touch only the fringe of the problem. The use of smuggled articles has become a status-symbol with the "new rich" class of Indians and the ailing middle classes of our society. It has become a common and shockingly acceptable feature of our socio-economic life. Therefore, it is more of a social rather than a law enforcement problem.

The most effective way to curb this menace would be to wage a psychological war against the use of smuggled articles. For this it is essential to educate the masses so that they may feel that by using smuggled articles, (1) they unwillingly become party to an illegal, anti-social and anti-national activity, (2) throw their own countrymen out of gainful employment, causing economic hardship to the people, and (3) help indirectly our enemies by causing a drain on foreign exchange resources, so urgently needed for our economic growth and defence purposes.

When an apparently innocent housewife boasts of her *Japani* sari or her foreign made lipstick or beauty cream, she is probably quite ignorant of the vice and violence behind these smuggled articles. But once she is made to realise the dark reality, these articles will lose the glamour of false pride and prestige for her.

LARGE SCALE illegal imports of luxury goods, along

with huge 'black money' created in the process, encourages wasteful expenditure, and diverts our internal and external resources to unproductive channels. Therefore, smuggling is a major cause of many economic ills impeding the nation's march towards self-sufficiency and economic prosperity.

Smuggling is a social crime and a strong public opinion should be built against it and a feeling of hatred for the smuggled articles should be aroused. For this, a vigorous campaign—as in the case of family planning—should be launched against the use of smuggled goods. Through various media like films, radio, TV exhibitions, and hearings, people should be repeatedly advised and warned not to use smuggled articles in the wider interest of the country.

This will have the desired effect, because once we stop using smuggled articles and Indians living abroad stop remittances through unauthorised channels, the whole edifice of smuggling will topple in no time.

A massive support from the people is capable of bringing about miracles, as has been exemplified during recent days. There is every reason to believe that this national awakening and solidarity shown by our people, if properly canalised, will be of tremendous help in eradicating many social and economic evils including smuggling.



## 'Adatoda', A Chest Remedy

**A**DATODA VASICA is a common shrub known by various names: Vrisha, Adarusha, Vasa, Basak, Adalotaka, etc. It grows abundantly throughout India and in many places it is planted along fences and hedges taking advantage of the fact that the leaves of this plant are not eaten by cows and goats—which indeed has been suggestive of the name Adatoda to this plant. It is a profusely branching, thick-foliaged, evergreen shrub attaining a height of 10 to 12 feet and is therefore sometimes grown in spacious gardens as ornamental shrub. The stem and the branches are greyish white; leaves opposite, long and elliptical like mango leaves, but soft and flexible. Flowers are white, sickle-shaped and arranged in axillary spikes carrying leaf like bracts. Fruits are dehiscent, containing four flat round seeds which burst out automatically when dry.

From very ancient times, the Adatoda has been considered a safe and efficacious remedy by Ayurvedic physicians and housewives for the treatment of several chest complaints. Referring to the medical properties of this plant, the Indian



Materia Medica has described it under: "Aadalotakam aam-colam Kaasa Svasa vimardanam" meaning the plant in its entirety is useful for suppressing asthmatic spasms and pulmonary affections. Not only the long experience gained from the empirical administration of this plant, but recent researches have established the usefulness of Adatoda beyond doubt. The wonderful curative power has been ascribed to the alkaloid 'vascine' present in all parts of the plant and also the rich chlorophyll the leaves contain.

THE ACTIVE element is extracted as decoction, juice or tincture and made use of in common expectorant and anti-spasmodic preparations like 'Vasarishta' and 'Glycodin terp vasaka'. Whenever a child suffered from bronchitis, spasmodic cough or difficult breathing, the elderly house-wife never got perturbed, but walked into the garden, picked two or three fresh leaves of this plant and after subjecting them to steam from a boiler, squeezed out a spoonful of the leaf juice, to which she added an equal quantity of honey, and gave it to the child every three hours in doses of half a tea-spoon. This treatment was found to give great relief without any bad after-effect.

The other indigenous methods in vogue of administering this drug for treating specific diseases are given below:

Fresh juice of leaves mixed with equal parts of honey and ginger-juice in doses of two or

## UNESCO SCANDAL

### The British Lion

Paris.

IN recent years the UNESCO has emerged as the only world organisation capable of extending practical aid to the developing nations. And yet to say that it is operating normally would be wrong. Indeed, suffice it to see how our planet is geographically represented in the UNESCO Secretariat to understand the simple truth that until now most of the key posts there are held by representatives of several great powers with a lion's share belonging to the British lion, with a contribution equal to 5.6 per cent.

BRITAIN has 300 of its subjects in the Secretariat which is 16 per cent of the Secretariat's total personnel of 1,800.

three drachms is given in phthisis, chest diseases, diarrhoea and dysentery. For bronchitis and asthma, decoction of leaves with honey and long pepper (Thippali) is used. Dried leaves are sometimes smoked for relieving asthma. Decoction of leaves is also used to wash skin diseases and alleviate neuralgic pains.

The bark and roots of the plant have the same medicinal uses as the leaves.

It should be pointed out that a time when nationals of many well overrepresented countries such as France, for instance, hold mainly technical posts, the British occupy more often than not, directors and other key posts. If one is to take into account the fact that over a half of experts and specialists sent to developing countries are British subjects, then it becomes clear that 5.6 per cent of the UNESCO'S budget contributed by Britain are more than recovered by Her Majesty's Treasury. It is appropriate to note that the British lion is meticulously replenishing its treasury with the money which the developing nations desperately need to carry out education and science projects. Well, the lion's grip is proverbial. This is not the first time that it has hurt the weaker.

The developing countries are underrepresented in the UNESCO, although some of them have enough experienced specialists and may expect a fairer treatment.

The root cause of this lamentable state of affairs is the unjust system of life contracts adopted in the past, not without Britain's active support, as the criterion for recruiting the staff of the UNESCO Secretariat. Pushed away everywhere, the British lion is still firmly entrenched in the UNESCO. Isn't it high time for it to make room for others to come in?



# Terrorism at the Olympics

by

RONALD J. DUNLAVEY

**T**HERE IS an unscheduled entry in the Olympic games at Munich and its name is international terrorism. It is something the whole world has become familiar with in recent years—kidnapping, sabotage, indiscriminate bombing, the hijacking of aircraft and the holding of hostages, often for political purposes. Now it has invaded the supposedly sacrosanct environs of the Olympic village. As a result, the games have been suspended.

Not surprising'y, this latest act of terrorism grows out of the Arab-Israeli rivalry, one of the most fecund and persistent sources of international violence in modern history. In particular, it is a product of the Palestinian Guerrilla Movement, and responsibility is being claimed by the Black September Organization, one of the most extreme of the Palestinian groups and the one which engineered the murder in Cairo almost a year ago of Jordanian Premier Wasfi Tel.

Two years ago, Palestinian groups hijacked three international airliners and held their passengers hostage for several days. Other Palestinian acts of terrorism have been common. One of the most recent was the massacre at the Lod airport in Tel Aviv. And in the past two weeks there has been a revival of violence in the Gaza Strip, including an attempt Monday to assassinate the Mayor of Gaza City.

THE IMMEDIATE aim of the terrorists at Munich is to secure the release of Arab guerrillas imprisoned by the Israeli Government. By staging their latest attack in such a way as to command a maximum of international attention, they hope to draw attention to their cause. As with such efforts in the past, however, the attempt is more likely to lose sympathy than to gain it. It has been widely denounced and President Nixon, at the Western White House in California, has expressed a sense of deep outrage.

But the fact that this tragic event has taken place at the Olympic games does underscore the international character of the problem of terrorism in our times. It is a problem which the representatives of 17 countries are grappling with in Washington—this week and next—in their efforts to write an international convention that would impose sanctions on nations harbouring airplane hijackers or saboteurs.

## PROS & CONS

### I- The Pros and Cons of "Devaluation"

by TITUS HANDUNA

*Tribune brings to your notice three important topics, but by no means holds to the views expressed.*

**"Y**OU KNOW, it is easy for any country to imagine that the value of its currency is a matter of national prestige."

"Yes, you get politicians-in-office getting up on a platform and proclaiming that the currency will never be devalued, in spite of all the pressures to the contrary. But really, the people of any country—and I mean by people, what Mao would call his 'masses'—are very little affected by the external value of their national currency, in relation to the dollar, the pound, or gold."

The incident in Munich again highlights the problem of international terrorism and the need for both national and coordinated world action to deal with it.



"Yes of course, the only people who are vitally affected are those who are in the privileged position of being able to go abroad, whatever their reasons and those who have children being educated abroad."

"Yes, it would make a mighty difference to anyone with a child at the Sorbonne, Oxford, or any of those places where technical education is being dispensed, to have to suddenly fork out twice as many rupees to buy the foreign exchange to maintain their children abroad. Not only their pockets, but the country, would suffer a terrible loss if this were to happen."

"Yes, I can see there is always a case to keep the rupee at its current official foreign valuation, providing pressures from abroad can be resisted."

"What are these pressures? They seem to have a sinister connotation in the popular mind."

"Well, these pressures come from bodies like the World Bank and the International Monetary Fund, who from time to time help Ceylon with her economic difficulties by giving her loans."

"What makes a currency over-valued like ours?"

"Well, there might be several points of view, but basically it is the fact that local manufactures of popular semi-luxury goods—you may take

as examples, beer and chocolate—are more expensive than their counterparts in other countries at the current rate of monetary exchange."

"From what you say, it follows, I should say, that the best way to accomplish a *de facto* up-valuation or revaluation of a currency is for the local manufacturers of these semi-luxury goods, to cut their selling price to bring their manufactures into line with the selling price of their equivalents abroad."

"PRECISELY. As long as certain semi-luxury manufactured goods, in much demand, are sold more cheaply abroad by foreign manufacturers, than these articles are sold at home by local manufacturers, then the currency of the country which has the bloated price, will always be considered over-valued by those people who deal in currencies. But that is not the only answer. There are some people like those at the London Economist, who hold a different view. These seem to believe that the sole criterion for revaluing currencies should be the current foreign exchange position. Ultimately, I suppose, it comes to the same thing."

"But what about the popular political argument that devaluation would shoot up the cost of living by sending up the cost of essential imports and imported raw materials for our local factories?"

"Well, you know, really that argument does not hold, beca-

use the over-valuation of a currency, even for reasons like keeping the cost of living down, amounts to a subsidy to local manufacturers. There might be some excuse if some sort of monetary benefit were passed on to the consumer, but it is not; for even with this *de facto* benefit of an over valued currency, the local manufacturer always pleads high cost of his imported machinery, in spite of his low cost of labour (compared with other countries. from which this machinery has been imported), to charge the local consumer a price, which at current official rates of exchange, give our own nationals a much poorer deal than their counterparts abroad, the foreign consumer. I have singled out what I call semi-luxuries, because it is these little consumable luxuries which make all the difference between a subsistence standard of living and a life which has its little alleviations for both young and old. It is precisely the bloated cost of these semi-luxuries, a cost which our people take so much for granted, compared with the cost of these same semi-luxuries when manufactured abroad and sold there, that make for an over-valued currency upon which the black market thrives."

"Apart from these so-called arguments which inweigh against devaluation, what do you think would be the positive benefits of a full-scale devaluation?"



"Well, as I see it, it would bring about several benefits. First, it would force the local manufacturers to reconsider their stand. They might either consider themselves forced out of business and close down, and so force our people to find substitutes, or they might decide to lower their prices and cut down on their profits, and it might even make the government decide to lower their taxes to keep the factories operating."

"Do you think that a high rate of taxation would lead to the over-valuation of a currency?"

"MOST DECIDEDLY, and that in several ways, for it might lead to the raising of prices, thereby forcing the consumer to pay more, and it might also take away all margin for new investment, and still more, lead to a smaller turnover in industry, which is another way of increasing prices for the consumer. But one must remember that with the currency laws that prevail nearly everywhere, it is government which is the provider of the currency which we use, and so it seems only fair that government should call in, in the form of taxes, some of the currency which it issues"

"You were talking about what other benefits devaluation would bring."

"Well, as I said, failure to devalue an over-valued currency, really amounts to a subsidy for local manufacturers, who use imported machinery and

raw material. If something of the subsidy were passed on to the consumer, there might be something to be said for it, but the 'masses'—an ugly word which I do not like using to describe my friends—do not benefit at all. An efficient devaluation—and by that I mean one that goes the whole hog and is not accomplished in parts—can only lead to an ultimate revaluation or up-valuation of the currency, for when a currency ultimately becomes under-valued, it is only logical to revalue it."

"How will this come about or have you not yet finished mentioning the benefits of devaluing the currency?"

"IT AMOUNTS to the same thing. I have not yet finished. I think that if our currency is devalued in relation to other currencies (so that our people at the new rate of exchange, would not be paying any more for their little locally-manufactured consumer luxuries, than people of other countries have to do for theirs), there would, as we all know, be a bigger incentive to export. That would be one little but important benefit. Another would be that there would be a greater incentive for our people abroad to remit money home. It would also be a big boost for tourism in the island. *All this would come about for the simple reason that people would be getting more rupees, than they do at present, for whatever foreign currency they were to bring in or send into Ceylon.* But the

most important benefit, I think would be an increase in incomes. I feel that a proper evaluation of Ceylon currency, and its consequent devaluation would lead government to increase the amount of money in circulation, and that all sections of the community would benefit from this increase. There will not only be more money to spend but more money to invest, and this will lessen our reliance on foreign capital to get things going. I do not think that an increase in currency in the context of a devaluation will lead to an increase in prices, whereas that would be just what would take place if it happened within the context of an over-valued currency.

"Economics is a funny thing. It is not really a science at all. It is really a series of stop-gap measures and theories to counter the ill-effects of people's greed, and in this way it is more of an art. Devaluation of itself will not increase prosperity, but it will create the right atmosphere for people to try, and then one day we might be able to revalue a devalued currency. When this happens, we shall all be able to afford to go abroad, because we shall both have the money and be able to buy more foreign exchange with each rupee."





## 2-The Pros and Cons of "Family Planning"

by ARUL MANUEL

**M**Y FRIEND, Titus Handuna, has led off with an article on Devaluation, and it falls to me now to weigh the arguments about Family Planning. As a Veddah, Handuna will confirm that his race seems to have succeeded in committing race suicide without the aid of coils and pills and the surgeon's knife. Now I do not think I can match Handuna's intellect and his sure touch on the economic ills of this country, but I shall do the best I can with Family Planning.

It amazes me that the Sinhalese do not take a tip from the Veddahs and learn the dangers of playing around with Family Planning. After all, they are only a small race, and they cannot number much more than eight or nine million, and we, the Tamils, must number about forty million with our brethren in India, not to speak of those in Malaya, Singapore, the Fiji Islands and elsewhere, and yet we are not intent on race suicide. (If my figures are wrong, do not blame me: I am not a statistician). The Sinhalese might be given considerable help from the

Swedes to contain their families, but if the Swedes are intent on their own racial suicide, what business is it of ours? But it does concern me very much if the Sinhalese disappear from the face of the earth; I do not want them to, for I like them.

Besides, what is all this money pouring into the Island for, to contain our families? Why all this solicitude, and what business is it of other peoples? I would like to know. Do the developed countries and international organizations not know that it is pressure of population that brings progress?

WHAT OF all the famous people that have lived? It is reasonable to suppose that if they were not born when they were, they might have been born at some other time, but would they ever have been born again if their parents had used the pill, the coil or the knife? Can dead men come to life? Will there be another John Kennedy, Winston Churchill or Jan Smuts? It is inconceivable. And what of our politicians? Could we have afforded to lose them? What of Einstein and Pasteur and Darwin?

Does not Family Planning, as it is advocated by international bodies, lead to scant respect for life? If the marriage act can be performed, and a life snuffed out, and a very innocent and pure life at that, what might we not do to other people who are adults?

Clever people say it is better not to live than to be poor.

People may wish to die, but can anybody really say it is better not to have lived? Can a man facing the gallows regret his life? He may regret the gallows and whatever led up to it, but that is a different thing.

And what is all this about food? Come, be honest. There might be local problems about food, but there can never be a world problem, and one very fine scientist and economist has proved it. I would rather take his word than all the others. This man has worked both in Australia and at Oxford.

The Pope may be a lone voice, and not all may agree with him, but he comes of a long tradition which stands against Family Planning as the moderns advocate it. You cannot put all he says about it down to superstition.

Children are great fun and they are old age's consolation. Besides, they are a great help to each other when growing up. They sometimes do commit murder when they are older, but then, what about the coil, the pill and the knife? Are they consonant with all this talk about discipline in youth?



## 3- The Pros and Cons of "Progress"

by SIMON VANNIA

**I**T SEEMS we all are hell-bent on progress. If it is progress that we want, I suppose



it is progress we shall have. It would be wise to pause a moment to see where progress is leading us to. It would not do to be found out of step with the latest trends in the modern world. The hippies are already out of date: they were never much in favour, it is true. But there has been a new development. The very latest in scientific men and in scientific thought now points out the very great dangers that lie in progress. They seem to say that there must be a halt to progress if the human race and if nations are to survive.

I have had the privilege of reading what my fellow kinsman, Titus Handuna, and my compatriot, Arul Manuel, have had to say in the first two articles of this trilogy. The former has tried to show that devaluation, providing it is not done half-heartedly, is not a retrograde step. The latter in another way has shown that anything which encourages licence in sexual matters without the responsibilities that go with it, is doing a definite wrong, and this is exactly what sterilization, abortion and the pill does, and he implies that the state has no right to play a leading part in such a course, but should rather do the opposite. Manuel, of course, tries not to bring too much seriousness into what is a very serious matter. I have mentioned the essays of these two writers because they are a pointer to what I want to say.

In the modern context, you might identify progress with

development. We all seem to be hell-bent on development. Well, hear what the latest authorities have to say on this matter. If they are a little heavy do not blame me; it is the modern trend.

HERE GOES the first one. The Society for the Study of Modern Trends in Development says: "Development does not seem to be all that it was". That is my first broadside. Now comes another, and it comes from the Fellows of the Institute of Social Behaviour. Here is their portentous declaration: "Governments must beware of forcing development on peoples who are steeped in culture".

Now we must pause to think. How is a country to defend itself if it does not have MIGs, helicopters, patrol boats, sub-machine guns, and boots? It is a very serious question. Perhaps my next quotation may throw some light on the matter. The quotation does not refer to the matter of defence directly, but it does throw some light on it obliquely, as it were. The seminar which was held in Oceania on the Problems of Psyche, came out with this statement. "Mechanization and motorized travel are extensions of the human psyche, but industrialization is not". This is a very profound opinion, and I hope it will afford you matter for hours of meditation.

And so it goes on. Science is coming today to see the

dangers of progress. It is so in medicine, where research workers are said not to be able to see the wood for the trees.

I do not want to bore you with a lot of quotations, but the gist of them all seems to be — a little progress by all means, but not too much.

The human being must always be reforming himself; he cannot stand still. But reform is not always a forward movement. It calls for a little introspection too.

It would appear that development in the modern context is not worthy of human beings, except for the fortunate few. "Man is becoming a robot" has been the theme of many a writer over the last seventy years.

My own race has had its problems, but we would not readily exchange it for all the progress in the world. Think well on this. It is not too late to call a halt to progress' most bizarre features.

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from p. 6

the UF trade unions (and presumably for socialism over reaction), and the *Nation* went on to preach its customary sermon in the following terms. "It is felt that, at long last, the Government is becoming alive to the vital importance of the working class. The Government is further, showing a greater degree of trust and responsibility towards the workers. This too is commendable. As some union leaders remarked, the Five - Year Development Plan has been drawn up in consultation with the unions of the working class. Likewise, it is necessary to take the working class and their unions into one's confidence if one hopes to realise the objectives of the Five-Year Plan and implement it successfully.

"At a time like this, when reaction is ganging up on a Government in which the working class is an integral component, it is the duty of the working class to rally round the Government. On many occasions the workers have expressed their confidence in and their loyalty to the United Front Government. Thus it is heartening to note the Government has appreciated the loyalty of the workers and are now prepared to take them into their confidence and integrate them into the mainstream of development."

The "fighting" between the Unions have been analysed in great detail because it shows the petty levels to which the UF trade unions and the Government thereby have to

descend in order to justify their actions. At the time of writing, the bank strike continues as solidly as ever although Government claimed that it had recruited between 300 to 500 recruits to be trained as bank clerks. Bazaar gossip is that LSSP youth are being recruited in order to strengthen LSSP positions and that this had begun to cause heart-burning among the SLFF and CP youth - not to speak about uncommitted youth.

Whether this kind of recruitment can break the strike, only events next week or the week after can show. In the meantime, the economic horizons in the country are getting darker and darker. The drought which began last December continues. The South West Monsoon was only partial even in areas where it drops most of its rain. Already the Northeast rains are late, or rather the inter-monsoonal rains, which drum out southwest and herald the northeast, have been delayed. The customary showers which fall in the rice growing "dry zone" in late August to enable farmers to plough the land have not made their appearance. From the end of September the rains for the sowing usually begin to fall, but without the necessary ploughing the Maha crop will be off to a bad start. Furthermore the tanks are mostly bone-dry because two monsoons have failed.

There is no doubt that Nature has *not* been kind to Sri Lanka this year. But more than this, what darkens the

skies is the fact that human in-optitude has made matters worse. The Government, in spite of its loud protestations and high falutin' self-glory (about its socialism, altruism, determination to sustain sovereignty and independence etc., etc., etc.), has been imprudent in the way it has handled many of its affairs. In the early days of UF power, the government had been pushed by its supporters to condoning many acts of commission and omission which the Government should have resisted with vigour. The formula that "reactionaries" should be defeated was used by many unscrupulous elements to pressurise the Government to weaken the administration and undermine law and order. The result was that more and more sections of the community began to defy the orders of the Government and get away with it. The insurrection of April 1971 was the culmination of one trend. The present spate of strikes in which trade unions in key sectors openly defy government orders, even under the Emergency Regulations, is the culmination of another trend. The insurrection was quite correctly put down with an iron hand and this brought back some semblance of governmental authority in the law and order situation. And unless the Government is able to bring the strikers in the banks and other places to heel with equal firmness, the Government will have only itself to blame if its writ begins to wear thin.



And the strikers too must learn sooner or later that strikes do more harm than good at this stage. Whatever be the mistakes of the government, however stupid and arrogant may have been the behaviour of many UF VIPs in regard to the purchase of cars and the like, and whatever be the transgressions of individual ministers, strikes to increase wages and fringe benefits will prove suicidal. The bank clerks are a privileged-group in the white collar sector and to ask for higher wages at this stage is to set in motion and inflationary spiral which will undermine Ceylon's already weak economy even further. The Minister of Finance has rightly pointed out that the Bank Employees Union has no justification at all for striking; in fact, the Union has no justification for the demands it is making, taking the overall picture of the economy into consideration.

In spite of this there is a far greater degree of sympathy for the bank strike, among the members of the public, than is warranted by the hard realities of the situation. This is because the government's credibility is at a low ebb. And, what is worse, is that Government leaders do not seem to realise that most people do not now pay serious heed to what they say. This is the most depressing aspect of the situation today.



FROM THE  
EDITOR'S DESK

## On Terrorism

○ IN THE international arena as well as in the domestic front, trouble seems to be the order of the day. It is difficult to detail all the troubles which have erupted all over the world during the last fortnight. There have been natural disasters galore, and man made troubles have been even greater. Floods and droughts have gripped various countries. In some countries, whilst one part was devastated by floods another has been hit by unprecedented drought. In the Philippines and in India, floods and drought are simultaneously taking their toll — hundreds have already perished whilst hundreds of thousands face starvation. A huge forest fire has ravaged vast territories outside Moscow, and hundreds of forest fires are still raging in the United States. A heat wave unknown in a hundred years had been the cause of the fire in the peat bogs and forest swamps in the region around Moscow, and for days the skies above the capital of the USSR had been darkened by smoke from the fire. Freak accidents have also been the order of the day. Lightning struck a tanker and sent it down in a huge explosion. Two oil tankers collided just outside Capetown.

Whilst natural disasters continue to stun human imagination, man made troubles are on the increase. Terrorism has begun to rear its head in every part of the world. Hijacking and skyjacking have made international air travel a nightmare. But the terror arising from skyjacking has paled besides the organised political terror which the Palestinian Commandos have unleashed on the world. First, came the attack on Lod Airport by three Jap gunmen. Over 80 innocent lives were lost and the reprisals which the Israelis inflicted on Palestinian guerrilla camps in the Lebanon caused mere deaths and destruction. And now the unforgivable terrorism which these Palestinian commandos let loose in Munich has shocked the world. To take the Arab-Israeli conflict, to a world theatre makes life and living unsafe in any part of the world. There are hundreds of conflicts similar to the Arab-Israeli conflict. Such conflicts exist today on every continent and in every region. There are "wars of liberation" going on in the five continents and in several dozens of places at the same time. Have those, who are fanatically participating in these wars, the right to carry their hostilities to every part of the world, to every airport, to every international gathering — political, economic, cultural or sports?

ONE CANNOT apply double standards to the question of terrorism. In the area of Israel and its environs, fighting and even terrorism is war, but



for the Palestinians to take their quarrel to the airport in Rome or to the Olympic Games in Munich is anarchic terrorism which undermines civilised living and international order. Sympathy for the Arab cause should not cloud one's vision. What will the position be if Pakistanis who object to India's assistance to Bangla Desh start terroristic attacks on Indians and others in Ceylon? Can North Vietnamese who are at war with the USA be permitted to throw bombs at Americans in the streets of Colombo? Can Angolan freedom fighters be allowed to massacre Portuguese in Ceylon? In the past, sympathy for the Arab cause had blinded many in Ceylon into condoning hijacking and skyjacking, but they have second thoughts today after the great Arab let down in Georgetown.

This is not a matter of *tit for tat*. We are faced with the question of civilised existence. The African countries, which raised a hue and cry about the admission of a mixed Rhodesian team to the Olympic Games on the grounds of Rhodesian's white racism, have all (with a few notable exceptions been silent (or have approved) Uganda Amin's black African racism. With all the grandiose talk from African states about non-alignment and a world outlook, they have no use for Asia when it comes to the selection of a venue for the next non-aligned summit.

THE MATTER does not end there. Terrorism must be

fought, whether at home or abroad. An international conference on the question of skyjacking is now going on in Washington and it would be interesting to find out what positions are adopted by different countries. But what is of great importance at the moment is to know who has backed and financed Palestinian terrorism? It takes a lot of money and organisation to skyjack planes. It takes even more money to organise a raid such as the one which brought death and destruction at Lod airport. And the planning and finance involved in the attack on the Israeli athletes at Munich must have cost millions of pounds. The Palestinians are not rich. Most of them are refugees. The vast majority of them live in camps at the mercy of countries like Lebanon, Syria and Jordan. But, during the three or four years, these commandos have accomplished feats of skyjacking and terrorism which must have cost millions of pounds sterling. The same underworld can finance similar groups to bring terror to every country under the pretext of some political conflict. There are minorities in every country which suffer discrimination and have legitimate grievances. Can this be made the excuse for organised terrorism not merely in the country concerned but on an international scale?

Historians will trace the cause of this kind of terrorism and international piracy to the cold war which the big powers imposed upon the world after the

second world war. Moreover, the US took the law into its hands in Vietnam and has carried on an undeclared war for nearly 20 years. The same spirit of outlawry has now permeated the whole world, and the Palestinian commandos have similarly taken the law into their own hands. A great and grave responsibility rests upon the United States to unwind the damage it has done to world order and peace by the war it has carried on in Vietnam. The psychological impact of this war has been terrible and the Palestinian Commandos are just one of the unfortunate by-products of the undeclared war which has ravaged Vietnam and there are unscrupulous elements to exploit such a situation. It would be futile to argue the right and the wrong of the Vietnam war. The sooner the US ends the war, the quicker will world peace and order result. And the spirit of the cold war (which has led to hot wars and terrorism) must be rooted out. Nixon speaks about a world of co-operation and co-existence. He has taken some meaningful steps towards achieving it, but the process must be made faster and quicker if international terrorism is to be contained.

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WITH COMPLIMENTS

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